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**Readers Guide**

**Principles of our Market Economy Ch. 14-1 p.376-381**

**Part I – Vocabulary**

**\_\_\_\_\_\_\_\_\_\_\_\_** 1. Businesses that produce goods and services

**\_\_\_\_\_\_\_\_\_\_\_\_** 2. What producers pay to use land in the production process

**\_\_\_\_\_\_\_\_\_\_\_\_** 3. What producers pay to use capital in the production process

**\_\_\_\_\_\_\_\_\_\_\_\_** 4. What producers pay to use labor in the production process

**\_\_\_\_\_\_\_\_\_\_\_\_** 5. Wherever producers and consumers compete to make exchanges

**\_\_\_\_\_\_\_\_\_\_\_\_** 6.The amount of a good or service consumers are willing and able to buy at a given price

**\_\_\_\_\_\_\_\_\_\_\_\_** 7. The amount of a good or service that producers are willing and able to produce at a given price.

**\_\_\_\_\_\_\_\_\_\_\_\_** 8. Price at which buyers and sellers agree to trade

**\_\_\_\_\_\_\_\_\_\_\_\_** 9. They work together to determine the price of goods and services, as well as the quantity offered for sale.

**Part II. Short Answer**

10. In the circular flow model, what does business sell to individuals for money?

11. In the circular flow model, what do individuals sell to business for money?

12. It must exist for a market to work according to the law of supply and demand.

13. If the price for a good or service rises higher how will demand for it be affected?

14. If the price for a good or service falls lower, how will demand for it be affected?

15. When the price of a good or service rises higher, what happens to the supply producers are willing to provide?

16. When the price of a good or service falls lower, what happens to the supply producers are willing to provide?

17. What would likely happen if a producer tried to sell his product at well above the market price?

18. What would likely happen if a producer sold his product at well below the market price?